



February 6, 2014

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, OH 43215-3506

Dear Ms. Rhodes:

In accordance with Ohio Revised Code Section 5505.111, I am providing this report on the internal audit activities of Highway Patrol Retirement System (HPRS) during 2013. Once again, HPRS retained the Summit County Department of Internal Auditing (DIA) to perform internal audit services in 2013. Attached are two reports of its findings. The first is a report on the follow-up items from the 2011/2012 audit, and the second is a report of its 2013 findings.

It should be noted that at its December 19, 2013, meeting, the HPRS Board approved all of the Policies and Procedures noted in the Follow-up Report. Therefore, all of the issues listed under the headings "Management Action Plans Partially Implemented" or "Not Implemented" have now been fully implemented.

For the 2013 audit, DIA examined the following areas: administration; benefits; and investments. The 2013 Final Report is self-explanatory. All of the recommendations have either been implemented or are in the process of being implemented. DIA will conduct another follow-up during its 2014 Audit.

Both audit reports were presented to the HPRS Audit Committee on December 19, 2013, by Lisa Skapura, the DIA director. The newly-elected Audit Committee Chair, Lieutenant Andre Swinerton, reported the audit results to the HPRS Board on the same day. The Board was satisfied with the results of the audit and voted to retain DIA to conduct the 2014 Internal Audit.

In addition to the Internal Audit, Kennedy Cottrell Richards (KCR), LLC, the independent auditing firm selected by the Auditor of State, performed a financial audit of HPRS. On June 27, 2013, KCR presented its audit report to the Board of Trustees giving HPRS a clean audit. The report noted no deficiencies in our internal controls. The Control and Compliance letter and Opinion letter are attached.

The HPRS Audit Committee met on the following dates in 2013 and took the following actions:

- March 28, 2013: The committee approved a motion to recommend to the Board to re-hire Summit County DIA to conduct the 2013 internal auditing function. It also reviewed all trustees' expense reports for compliance with HPRS policies.
- June 27, 2013: KCR presented its audit of the 2012 financial statements resulting in an unqualified "clean" opinion. No material weaknesses were found. The committee reviewed and approved the 2013 Work Plan. It also reviewed all trustees' expense reports for compliance with HPRS policies.
- December 19, 2013: Lieutenant Andre Swinerton was elected Committee Chair and Lieutenant Heidi Marshall was elected Vice-Chair. Summit County DIA presented its final 2013 audit report. The committee made a motion to recommend the Board accept the audit report. It also reviewed all trustees' expense reports for compliance with HPRS policies.

If you have any questions, please contact me.

Sincerely,



Mark R. Atkeson

Executive Director

direct dial 614.430.3557

matkeson@ohprs.org

Attachments: 2013 DIA Internal Audit Follow Up Report
 2013 DIA Internal Audit Report
 2012 KCR Control and Compliance Letter
 2012 KCR Opinion Letter